

Long Term Care Awareness



The first of the nation's 78.2 million baby boomers turned 60 last year and an additional 7,900 reach that same milestone every day. With advances in medicine, most boomers can expect to live into their 80s and 90s, but experts warn that more than 95 percent of them are unprepared for eventual long-term care needs associated with living a long life.

As life expectancies increase, the likelihood of needing long-term care -- either at home or in a nursing home -- increases. Health care and long-term care costs have increased faster than the Consumer Price Index, according to the American Association of Long Term Care Insurance (AALTCI) studies. In 15 years, today's 60-year-old can expect to pay \$80,000 - \$120,000 for a single year of care, for those who are uninsured, the cost of long-term care for even two or three years can wipe out one's retirement savings.

The Association and several thousand long-term care professionals nationwide are encouraging individuals to start thinking about long-term care now and to get their families involved. A recent survey conducted by Mutual of Omaha, a supporter of Long-Term Care Awareness Week, revealed more than 41 percent of those people who have purchased long-term care insurance said their primary motivator was to not be a burden on their family.

"Past generations have relied upon family members to provide care," said James Blackledge, senior vice president and product line officer at Mutual of Omaha. "Many boomers who have experienced caring for their own parents do not want to impose the same burden on their children. The decision to purchase long-term care has become a decision that does impact the entire family."

Five Common Misconceptions About Long-Term Care

1. Medicare will pay for any long-term care you might need during retirement. Medicare covers skilled nursing facility care only after a three-day hospitalization. It does not pay for custodial or intermediate care, which the majority of care provided in nursing

homes is considered. Long-term care insurance covers a variety of custodial services at nursing homes, assisted living facilities and at an individual's home -- even housekeeping services.



2. You can transfer assets to a child to qualify for Medicaid. After you have exhausted all of your assets, you may qualify for coverage under Medicaid. However, with Medicaid you lose choice over the care received. In addition to nursing home care, long-term care insurance covers home health care services, assisted living facilities, hospice care and adult day care. Under new law, the federal government can look back up to five years for outright gifts to your children or other relatives and the equity in your home could be counted as an asset.

3. You don't need to start thinking about long-term care protection until retirement. Long-Term Care Insurance premiums are based on your age when you apply, and costs increase 8-9 percent for each year you wait. Insurance companies offer incentives for individuals who are in good health when applying for long-term care coverage. So, you will pay less if you purchase insurance when you are younger and in good health.

4. Long-term care insurance is just too expensive. Insurers offer discounts for spouses (and in some cases partners) who apply for protection, which can reduce the cost by 15-40 percent each year. Some products offer "shared care" features that allow spouses to tap into each other's benefits when one exhausts his or her own maximum lifetime benefit. The federal government and some states now offer tax deductions and/or credits to individuals and business owners who purchase long-term care insurance. The cost may be 100 percent tax deductible for business owners. Plus, it is possible to purchase "limited pay" policies so that insurance protection is paid-in-full prior to retirement age.

5. It's too late to purchase long-term care insurance. While most experts agree, the younger you are, the more coverage options and better rates you will find. However, there are products that are designed with those 65 and older in mind.



Source: www.AALTCI.com

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